

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MEADE COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	
FOR AN INCREASE IN RATES TO FLOW-)	CASE NO. 10266
THROUGH WHOLESALE POWER COST)	
INCREASE)	

O R D E R

After a review of the application of Meade County Rural Electric Cooperative Corporation ("Meade County") to flow-through the proposed increase in wholesale rates by Big Rivers Electric Corporation ("Big Rivers"), it has been determined that there may be a potential for absorption of a portion of the increase in power costs.

In Case No. 8480, The Filing of a General Rate Increase by Meade County Rural Electric Cooperative Corporation of Brandenburg, Kentucky, Applicable to All Its Members, the Commission allowed Meade County a Times Interest Earned Ratio ("TIER") of 2.25X. Meade County's application in this case shows the normalized test year ended December 31, 1987 results in a TIER of 2.93X. The rate of return required by Meade County to produce a 2.25X TIER is 7.21 percent while its normalized test year rate of return was 9.64 percent. The net income required by Meade County to produce a TIER of 2.25X is \$687,340, while its normalized test-year net income, without generation and transmission capital credits, was \$1,058,943.

IT IS THEREFORE ORDERED that Meade County shall provide by August 8, 1988 evidence, including pro forma adjustments and prepared testimony, as to why it should not be required to absorb a portion of the increase in wholesale rates proposed by Big Rivers.

Done at Frankfort, Kentucky, this 19th day of July, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Wernan
Chairman

Robert M. Davis
Vice Chairman

James N. Williams
Commissioner

ATTEST:

Executive Director